



October 19, 2011

Marlene Dortch
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: ***Connect America Fund, WC Docket, No. 10-90, National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92***

To the Commission:

Mid-State Consultants, Inc. (Mid-State) hereby files this letter in the above-captioned dockets. Mid-State is a professional communications engineering firm providing engineering services to several rural independent telephone companies within the United States and its territories. Mid-State has provided analytical and/or technical support to rural telecommunications providers and/or trade associations participating in the proceeding, and remains deeply interested in the outcome of the above-captioned proceedings. Toward that end, Mid-State was encouraged by the Consensus Framework created by rural, mid-size, and large carriers that could serve as the basis for sensible, measured, and carefully calibrated USF and inter-carrier compensation (ICC) reforms.

Mid-State, however, is now gravely concerned that reported amendments to – or wholesale departures from – the Consensus Framework will wreak damaging impacts on incentives to deploy and maintain broadband networks in rural service areas. If the reported potential amendments are adopted, it is the opinion of that investor discouragement will continue, if not increase, leading to depressed investment and resultant negative trends on broadband deployment Nationwide. These adverse repercussions will be visited not only upon rural telecommunications providers, but also upon consumers, as well as Mid-State and similarly-situated entities that are suppliers to the telecommunications markets. For example, we fear that independent telephone companies could experience severe financial hardship that will jeopardize their ability to repay federal loans secured from the USDA Rural Utilities Service, thus severely impacting the role of the RUS and also service opportunities for Mid-State, as a large percentage of our work is completed for companies securing loans from the RUS. It is also Mid-State's fear that the financial integrity of other telephone companies will be impacted to the degree that they will be reluctant to initiate expenditures for new facilities and plant which will also greatly reduce engineering service opportunities

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In these regards, it is particularly important that the Commission refrain from adopting rules that affect investments retroactively. Doing so will shatter market confidence in the industry and devastate market trust in the regulatory process: investors will view regulatory structures as shifting, unstable, and unpredictable if retroactively applicable rules are adopted. No rational investor will direct capital to projects whose ability to recover costs and generate income is subject to retroactive fiat.

Moreover, the Commission must position USF affirmatively for the future. The Commission must avoid the temptation to bandage existing programs, leaving true reform for an undetermined future time. That approach would simply extend market overhang and threaten debilitating market uncertainty for rural telecommunications, rural America, and interdependent economic communities. If the Commission is not ready to adopt fully the RLEC portion of the Consensus Framework at this time, then it should, at the least, incorporate it as the primary path forward for reform in upcoming notices of proposed rulemaking.

For the reasons stated above, we urge the Commission to foster market certainty and avoid outcomes that will depress investor confidence and the resultant ability of rural telecommunications providers to deploy, maintain, and operate advanced networks. The Commission encouraged successfully the groundbreaking Consensus Framework, and yet appears to be departing in material respects from it. The Commission should proceed with caution in light of the broader ripple effects of reform throughout the economy, and should look above all else to ensure that reform does not undermine broadband deployment, investor and lender confidence, or the needs of consumers. The Commission should look back to the sensible and carefully constructed roadmap for reform set forth in the Consensus Framework in the closing days of its reform process.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Terry D. Brown".

Terry D. Brown, CEO

A handwritten signature in dark ink, appearing to read "Steven C. Kidd".

Steven C. Kidd, President